

**Introduced by Senator Calderon**

February 18, 2011

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An act to add Section 1361.5 to the Health and Safety Code, and to amend Sections 1622, 1626, and 1631.5 of, and to add Section 1632.5 to, the Insurance Code, relating to health care coverage.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 615, as introduced, Calderon. Health care service plans: accident and health agents: licensure.

Existing law authorizes a life licensee to act on behalf of a life insurer or disability insurer to transact life insurance, accident and health insurance, and life and accident and health insurance. Existing law requires life licensees and accident and health agent licensees to be licensed by the Insurance Commissioner, subject to prelicensure standards and continuing education requirements. Existing law authorizes the Insurance Commissioner to enforce those provisions. Existing law makes it a misdemeanor to transact insurance without a license.

This bill would require any person who solicits, negotiates, or sells health care service plan contracts, specialized health care service plan contracts, Medicare Advantage Plans under Medicare Part C, or Medicare supplement contracts to be licensed as an accident and health agent by the Insurance Commissioner, effective July 1, 2012. The bill would authorize the Insurance Commissioner to enforce those provisions, and would require the Insurance Commissioner and the Director of the Department of Managed Health Care to share information with regard to investigations, discipline, and enforcement. Because the failure to hold a license to transact insurance under these provisions

would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1361.5 is added to the Health and Safety  
2 Code, to read:

3 1361.5. Effective July 1, 2012, a person shall not solicit,  
4 negotiate, or sell health care service plan contracts, specialized  
5 health care service plan contracts, Medicare Advantage Plans under  
6 Medicare Part C, or Medicare supplement contracts, unless the  
7 person is licensed as an accident and health agent by the Insurance  
8 Commissioner. The director and the Insurance Commissioner shall  
9 share information with regard to investigations, discipline, and  
10 enforcement of violations under this section.

11 SEC. 2. Section 1622 of the Insurance Code is amended to  
12 read:

13 1622. (a) A life licensee is a person authorized to act on behalf  
14 of a life insurer~~or~~, a disability insurer, *or a health care service*  
15 *plan* to transact any of the following:

16 (1) Life insurance.

17 (2) Accident and health insurance.

18 (3) Life and accident and health insurance.

19 (4) *Effective July 1, 2012, health care service plan contracts,*  
20 *specialized health care service plan contracts, Medicare Advantage*  
21 *Plans under Medicare Part C, or Medicare supplement contracts.*

22 (b) Licenses to act as a life agent under this chapter shall be of  
23 the types set forth in Section 1626.

24 SEC. 3. Section 1626 of the Insurance Code is amended to  
25 read:

26 1626. (a) A life licensee is a person authorized to act as a life  
27 agent. Licenses to act as a life agent under this chapter shall be of  
28 the following types:

(1) Life-only, which license shall entitle the licensee to transact insurance coverage on human lives, including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Accident and health, which license shall entitle the licensee to transact insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income.

(b) An accident and health agent licensee also is authorized to transact 24-hour care coverage, as defined in Section 1749.02, pursuant to subdivision (d) of Section 1749 or subdivision (d) of Section 1749.33.

(c) *Effective July 1, 2012, an accident and health agent licensee also is authorized to transact health care service plan contracts, specialized health care service plan contracts, Medicare Advantage Plans under Medicare Part C, and Medicare supplement contracts.*

SEC. 4. Section 1631.5 of the Insurance Code is amended to read:

1631.5. Nothing in this article shall be deemed to affect the current operations of the Healthy Families Program (Part 6.2 (commencing with Section 12693) of Division 2) or the Access for Infants and Mothers Program (Part 6.3 (commencing with Section 12695) of Division 2), *or, for purposes of Section 1632.5, the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code).*

SEC. 5. Section 1632.5 is added to the Insurance Code, to read:

1632.5. (a) Effective July 1, 2012, a person shall not solicit, negotiate, or sell health care service plan contracts, specialized health care service plan contracts, Medicare Advantage Plans under Medicare Part C, or Medicare supplement contracts, unless the person is licensed as an accident and health agent by the commissioner.

(b) An applicant for licensure as an accident and health agent under this section shall be subject to the same prelicensing education standards as all other accident and health agents, including, but not limited to, the standards imposed under Section 1749.

(c) A licensee subject to licensure renewal under this section shall be subject to the same continuing education requirements as

1 all other accident and health agents, including, but not limited to,  
2 those specified in Sections 1749.3 and 1749.33.

3 (d) The commissioner may adopt all necessary rules and  
4 regulations to implement this section.

5 (e) The commissioner has the sole authority to enforce the  
6 provisions of this section and Section 1361.5 of the Health and  
7 Safety Code against any person who violates those provisions or  
8 this part, including, but not limited to, any provision related to  
9 investigations, disciplinary actions, and enforcement of violations  
10 under this part. This authority precludes the Director of the  
11 Department of Managed Health Care from enforcing these  
12 provisions.

13 (f) Notwithstanding subdivision (e), the commissioner and the  
14 Director of the Department of Managed Health Care shall share  
15 information with regard to investigations, discipline, and  
16 enforcement of violations under this part, as specified in  
17 subdivision (e).

18 (g) In any provision in which “accident and health agent” is  
19 referenced in this part, the term shall include any person licensed  
20 under this section and the provisions that apply to those persons  
21 shall apply to any person licensed under this part. The fees charged  
22 to a life agent under Article 14 (commencing with Section 1750)  
23 shall apply to an agent under this section. Any fines or penalties  
24 collected from an agent subject to this section for a violation of  
25 this part shall be subject to appropriation by the Legislature.

26 (h) This section shall not affect the application or enforcement  
27 by the Director of the Department of Managed Health Care of  
28 Section 1359 of the Health and Safety Code or any other provision  
29 of the Health and Safety Code that relates to solicitors and is not  
30 intended to supersede any other requirement or regulation that  
31 applies to solicitors or solicitor firms.

32 SEC. 6. No reimbursement is required by this act pursuant to  
33 Section 6 of Article XIII B of the California Constitution because  
34 the only costs that may be incurred by a local agency or school  
35 district will be incurred because this act creates a new crime or  
36 infraction, eliminates a crime or infraction, or changes the penalty  
37 for a crime or infraction, within the meaning of Section 17556 of  
38 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California  
2 Constitution.

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